

## **EXECUTIVE SUMMARY**

The 2003 Legislative Session ended sine die on Wednesday, June 11 after a 105-day regular session, a 30-day special session that began on May 12, and a second one-day special session.

The legislature passed over 470 pieces of legislation for the Governor's signature. The attached final report provides more detail about action taken on issues in Seattle's 2003 Legislative Agenda.

With the Republicans gaining control of the Senate and the Democrats increasing their margin of control in the House, the tone and tenor of this year's session definitely changed from last year. The additional pressure placed on the state by a looming \$2.6 billion budget shortfall, the failure of Referendum 51 (the statewide transportation ballot initiative), and the announcement by Boeing, late in the session, of a competition for the building of the 7E7, made for a sometimes-contentious extended session.

Despite these factors, the legislature addressed several key issues during the 2003 session, including:

- Enactment of a 2003-2005 Operating and Capital Budget, with no additional general tax increase;
- A gas tax increase of 5 cents per gallon to fund a multi-year transportation package;
- Prescription drug legislation for seniors and disabled persons;
- Revisions to the unemployment insurance tax system;
- Tax incentives for the aerospace manufacturing industry

For the City, the biggest disappointment of this session was the passage of EHB 2030, the municipal B&O tax bill. While the bill did adopt the model B&O ordinance crafted by cities into law, it also included language changing the existing practices around the apportionment of local tax revenues. This will result in an estimated \$15 million loss to the City's General Fund, with a combined estimated \$30 million loss to the cities that have a municipal B&O tax. While these constraints do not take effect until 2008, the City will need to begin to consider approaches to addressing the impact of this revenue loss.

Several items from the City's legislative agenda were enacted during this session. A summary of these is below:

### **TRANSPORTATION**

For the first time in over 13 years, the legislature acted on a gas tax increase and major transportation infrastructure improvement package. The \$4.18 billion funding package includes a down payment of \$177 million to replace the Alaskan Way Viaduct.

### **LOCAL REVENUE OPTIONS**

The Legislature passed SSB 5659, which provides two additional revenue options for cities and counties. The first is a 0.3 percent countywide sales tax increase with 60 percent going to the county for regional services and 40 percent to cities on a per capita basis. The second option is a multi-year levy lid lift that provides authority for cities and counties to put forward a property tax increase over one percent for up to six years. To

implement either of these provisions a public vote is necessary. The legislature did not give counties the authority to implement a utility tax in unincorporated areas; this proposal was supported by Seattle and King County.

#### **PUBLIC HEALTH FUNDING**

The legislature included \$48 million for public health funding in the 2003-05 operating budget. Seattle-King County will receive \$9.5 million per year. They did not pass SB 5920 or HB 2070, which would have provided public health with an ongoing revenue source through a local option property tax.

#### **WATER**

The Legislature passed 2E2SHB 1338, the municipal water rights bill, during the first special session. This legislation is one of the most significant changes to the state's water code over the past 30 years. The bill makes several important changes including clarification of place of use, use of water for environmental goals, and development of new water conservation standards.

#### **SIGNIFICANT POLICY CHANGES**

The following list highlights legislation significant to Seattle that passed this session, including:

##### **Law Enforcement and Public Safety**

- **HB 1001** revises the voyeurism laws in light of last year's WA State Supreme Court decision.
- **HB 1805** changes the number of King County district court judges from twenty-six to twenty-one.

##### **Health and Human Services**

- **HB 1028** provides for a study of at-risk youth prevention and intervention programs.
- **HB 1787** establishes a 211-information network.
- **SB 6088** makes prescription drugs more affordable.

##### **Land Use, Water, Energy, and the Environment**

- **HB 1002** implements several strategies to reduce mercury in the environment.
- **SHB 1734** adopts the international building, fire, mechanical and residential code to replace the outdated uniform code.
- **SSB 5409** provides an additional petition method of annexation to replace the current petition method, which was found unconstitutional by the WA State Supreme Court.